

FINAL BILL REPORT

HB 1678

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Synopsis as Enacted

Brief Description: Providing a minimum retirement allowance for members of the law enforcement officers' and firefighters' retirement system plan 2 who were disabled in the line of duty before January 1, 2001.

Sponsors: Representatives Van De Wege, Simpson, Ericks, Williams, Kelley, Sells, Ross, Hope and Conway; by request of LEOFF Plan 2 Retirement Board.

House Committee on Ways & Means
Senate Committee on Ways & Means

Background:

Members of the Law Enforcement Officers' and Fire Fighters' Retirement System, Plan 2 (LEOFF 2) are eligible for a retirement allowance of 2 percent of average final salary for each year of service credit earned at age 53. Members of LEOFF 2 may apply for early retirement beginning at age 50; however, the member's benefit is reduced by 3 percent per year below age 53 if the member has 20 or more years of service, and fully actuarially reduced if the member has less than 20 years of service.

If a member becomes disabled for a non-duty related reason, a member may receive a retirement allowance based on the 2 percent of average final salary formula that is actuarially reduced from age 53 to the age at disability.

In 2004 House Bill 2418 was enacted, which increased disability benefits for LEOFF 2 members disabled in the line of duty beyond those provided for non-duty disabilities. As a result of HB 2418, a member of LEOFF 2 who leaves service as a result of a line of duty disability is eligible to receive a retirement allowance of at least 10 percent of final average salary. This fixed 10 percent of pay duty disability benefit is not subject to federal income tax. In addition to the 10 percent of pay, the disabled member receives a 2 percent per year of service disability benefit for each year of service earned beyond five years. This service-related portion of the disability benefit is subject to federal income tax. In 2005 the enactment of Substitute Senate Bill 5615, removed the requirement that the 2 percent per year of service earned disability benefit be actuarially reduced for the difference between age 53 and the member's age at retirement, making the disability benefit unreduced for age.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

A member of LEOFF 2 who leaves service as a result of a line of duty disability or after earning 10 or more years of service may also request a refund of 150 percent of the member's accumulated contributions. A member with fewer than 10 years of service may request 100 percent of the member's contributions. In either case, a member who requests a refund of contributions is ineligible for a disability or service retirement allowance.

In addition to disability benefits from the retirement system, members of LEOFF 2 (unlike members of LEOFF 1) are eligible for job-related disability, medical, and death benefits from the Workers' Compensation System administered by the Department of Labor and Industries.

Summary:

Members of the Law Enforcement Officers' and Firefighters' Retirement System Plan 2 that were disabled in the line of duty before January 1, 2001, and are receiving a disability allowance are permitted to convert their disability allowance to include a fixed 10 percent of final average salary benefit, plus an actuarially reduced benefit for each year of service earned beyond five years. The resulting disability allowance may not be greater than the member's original benefit unless the original benefit was less than 10 percent of final average salary. The 10 percent of pay fixed line of duty disability benefit is not subject to federal income tax.

Votes on Final Passage:

House	97	0
Senate	44	0

Effective: July 26, 2009